

FOREIGN TRADE OF THE PEOPLE'S REPUBLIC OF CHINA

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INTRODUCTION

Karl Marx and Friedrich Engels published the Communism Manifesto in 1848,¹ condemning free enterprise and urging the workers of the world to unite against capitalism. Twenty years later, Marx's Das Kapital presented an interpretation of history which predicted the establishment of a society far different from anything which had existed up to that time.

Communism was not new in concept. Writers such as Plato had envisioned various utopias where the total needs of man were the responsibilities of the state. Marx began the first systemized construction of communist theory. He not only dreamed of a workers paradise, he believed that the natural course of history would bring about the creation of this utopia.

Marx died in 1883, but his ideas were not forgotten. The Russian Revolution of 1917 brought into power a government which was dedicated to the establishment of world-wide Communism. World War II caused several East-European countries to come under the influence of Communism, and in 1949, the Nationalist Chinese were driven from the mainland, leaving that country under the control of the Chinese Communist Party. During the period 1917-1949 governments representing one third of the world's population adopted the communist ideology.

¹Samuel H. Beer, ed. The Communist Manifesto (New York: Appleton-Century-Crafts, Inc., 1955), p. 1.

Two characteristics of Communism exert influence on foreign commercial relations: central planning and the maintenance of an antagonistic position vis-a-vis capitalism. The existence of central planning and a high degree of political motivation, imply that trade between a capitalist and a socialist country cannot occur under the same conditions as trade between two capitalist countries.

The People's Republic of China (PRC) is a socialist country, has instituted central planning and maintains an antagonistic position towards capitalism. Close ties with the Soviet Union during the period 1949-1960, a Western imposed embargo, and the question of the existence of two Chinese governments has caused the PRC to be relatively isolated from the Western world.

In recent months, the PRC has accepted a seat in the United Nations and received de facto recognition from the United States. These developments have caused speculation that closer ties between the PRC and the West are forthcoming.

It is the purpose of this study to isolate and analyze the factors influencing the direction, composition and motivation of the external trade of the PRC.

Available economic information concerning the PRC is not entirely adequate. The Chinese Communists have chosen to be secretive about the operation of the economy; therefore information must be gathered in an indirect manner. Chinese news broadcasts, newspapers, interviews with refugees, and reports from foreign correspondents stationed in Peking, contribute a large volume of information of questionable reliability.

This lack of reliability is partially due to government control of the news media, and the political need to show economic progress; and partially due to the nature of the PRC economic situation. The statistical network of the PRC suffers from lack of trained personnel, extreme difficulty in gathering data, and political pressure for quota fulfillment. The State Statistical Bureau was established in 1952, but its work was discontinued in 1958 as statistical reporting became a political weapon. The first and only statistical manual, Ten Great Years, was published in 1959, and contained little information concerning external trade, being inadequate for the purposes of this paper. Statistical reporting again broke down during the Cultural Revolution, 1966-1969, as numerous economic experts were purged.

Lack of adequate economic information is due to a security conscious government, general disorganization of the statistical apparatus, and the need to show economic success. Data concerning external trade is probably recorded in fairly complete detail as the state maintains a monopoly in this area. However, due to the secrecy with which the government operates, this information has not been made available outside the PRC. Therefore, this report is based on secondary sources, primarily the research of Western scholars.